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Item 8 of the provisional agenda

ADDITIONAL SOURCES OF FUNDING AND MANAGEMENT OF TRUST FUNDS

DEVELOPMENTS DURING THE PERIOD FROM 1 JANUARY TO 30 APRIL 1991

Report of the Executive Director

Summary

This report updates the information contained in the report of the Executive Director on Additional Sources of Funding and Management of Trust Funds (UNEP/GC.16/24) in the light of developments during the period from 1 January to 30 April 1991 and should be read in conjunction with that document.

TRUST FUNDS

1. Between 1 January and 30 April 1991, two new trust funds were established as follows: (i) a Technical Co-operation Trust Fund to Develop and Co-ordinate the Implementation of the Plan for the Survey, Assessment and Dealing with the Consequences of Environmental Damage Caused by Conflict between Kuwait and Iraq; and (ii) a Technical Co-operation Trust Fund for UNEP's Implementation of the Activities funded by the Global Environmental Facility.

2. This brings the total number of trust funds administered by UNEP to 42, including 14 general trust funds and 28 technical co-operation trust funds. In addition, the Executive Director is responsible for the administration of the Special Account to finance the implementation of the Plan of Action to Combat Desertification.

3. A summary of the status of contributions in 1990 and the balance of each fund as at 31 December 1990 is annexed to this document.

TRUST FUNDS AND OTHER FUNDS: STATUS OF CONTRIBUTIONS IN 1990
AND BALANCES AS AT 31 DECEMBER 1990

(Expressed in United States dollars)

A) GENERAL TRUST FUNDS

	GENERAL TRUST FUNDS	BALANCE AS AT 01 JANUARY 1990	PLEDGES DURING 1990	TOTAL CONTRIBUTIONS COLLECTED IN 1990	TOTAL INTEREST AND MISCELLANEOUS INCOME	1990 EXPENDITURE	OUTSTANDING CONTRIBUTIONS FOR 1990 AND PRIOR YEARS	BALANCE AVAILABLE AS AT 31 DECEMBER 1990
1	Regional Trust Fund for Implementation of Action Plan for the Caribbean Environment Programme	1,598,647	956,229	654,858	129,100	771,218	1,166,446	1,611,387
2	Trust Fund for the Convention of International Trade in Endangered Species of Wild Fauna and Flora	52,907	3,314,133	2,566,480	212,631	2,471,904	1,876,950	360,114
3	Regional Seas Trust Fund for the East African Region	143,783	250,050	140,500	16,170	57,501	554,758	242,952
4	Regional Trust Fund for Implementation of Action for the Protection and Development of Marine Environment and Coastal Areas of East Asia Seas	442,901	94,600	48,698	36,671	16,759	107,670	511,511
5	Trust Fund for Environmental Training Network in Latin America and the Caribbean	79,811	184,928	35,428	6,562	81,913	147,000	39,888
6	Regional Trust Fund for Protection and Development of Marine Environment and Coastal Areas of Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates	78,479	0	0	4,955	(73)	0	83,507
7	Trust Fund for Protection of the Mediterranean Sea Against Pollution	2,465,245	3,920,269	5,120,312	376,855	4,492,532	1,376,132	3,469,880

	GENERAL TRUST FUNDS CONTINUED	BALANCE AS AT 01 JANUARY 1990	PLEDGES DURING 1990	TOTAL CONTRIBUTIONS COLLECTED IN 1990	TOTAL INTEREST AND MISCELLANEOUS INCOME	1990 EXPENDITURE	OUTSTANDING CONTRIBUTIONS FOR 1990 AND PRIOR YEARS	BALANCE AVAILABLE AS AT 31 DECEMBER 1990
8	Trust Fund for the Montreal Protocol on Substances that Deplete the Ozone Layer.	158,164	2,443,812	783,882	34,124	936,718	1,620,973	39,452
9	Trust Fund for the Convention on Conservation of Migratory Species of Wild Animals (CMS).	331,703	380,852	428,609	52,222	190,307	104,629	622,227
10	Trust Fund for the Sasakawa Environment Prize	1,269,857	195,000	195,000	104,870	311,601	0	1,258,126
11	Trust Fund for the Environment Stamp Conservation Fund	39,869	0	0	3,886	(56)	0	43,811
12	Trust Fund for the Vienna Convention for the Protection of the Ozone Layer.	93,547	321,785	215,825	12,909	30,727	120,347	291,554
13	Trust Fund for the Protection and Development of Marine Environment and Coastal Areas of West and Central African Region	683,014	1,000,100	87,292	59,902	285,275	3,321,518	544,933
14	Trust Fund for the Interim Multilateral Fund Under the Montreal Protocol on the Substances that Deplete the Ozone Layer.	0	0	665,296	0	0	0	665,296
	TOTAL GENERAL TRUST FUNDS	7,437,927	13,061,758	10,942,180	1,050,857	9,646,326	10,396,423	9,784,638

B) TECHNICAL CO-OPERATION TRUST FUND

	TECHNICAL CO-OPERATION TRUST FUND	BALANCE AS AT 01 JANUARY 1990	PLEDGES DURING 1990	TOTAL CONTRIBUTIONS COLLECTED IN 1990	TOTAL INTEREST AND MISCELLANEOUS INCOME	1990 EXPENDITURE	OUTSTANDING CONTRIBUTIONS FOR 1990 AND PRIOR YEARS	BALANCE AVAILABLE AS AT 31 DECEMBER 1990
15	Technical Co-operation Trust Fund to Provide Consultancies to Developing Countries (Financed by the Government of Finland)	104,654	844,241	844,241	28,485	224,843	0	752,537
16	Technical Co-operation Trust Fund for Financing of Professional Officers (Financed by Government of Finland)	362,066	314,725	239,478	29,560	267,480	0	363,624
17	Technical Co-operation Trust Fund to Support the Clearing House Mechanism with Consultancies on strategies for Dealing with Serious Environment Problems (Financed by the Government of Norway)	7,022	0	0	0	0	0	7,022
18	Technical Co-operation Trust Funds for Control of Environmental Health Hazards and Promotion of Chemical Safety (Financed by the Government of Germany)	12,770	0	0	4,976	(19,623)	0	37,369
19	Technical Co-operation Trust Fund for Activities in Developing Countries of on Environmental Awareness and Machinery (Financed by the Government of Germany)	155,185	168,036	106,815	17,686	148,716	0	130,970
20	Technical Co-operation to Provide Experts to UNEP Ozone Layer Secretariat (Financed by the Government of U.S.A.)	34,770	0	0	1,853	44,677	0	(8,054)

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	TECHNICAL CO-OPERATION TRUST FUND CONTINUED	BALANCE AS AT 01 JANUARY 1990	PLEDGES DURING 1990	TOTAL CONTRIBUTIONS COLLECTED IN 1990	TOTAL INTEREST AND MISCELLANEOUS INCOME	1990 EXPENDITURE	OUTSTANDING CONTRIBUTIONS FOR 1990 AND PRIOR YEARS	BALANCE AVAILABLE AS AT 31 DECEMBER 1990
21	Technical Co-operation Trust Fund for Provision of a Forestry Officer (Financed by the Government of U.S.A.)	0	114,037	114,037	2,459	58,705	0	57,791
22	Technical Co-operation Trust Fund for Establishment of a Grid Centre in Arendal (Financed by the Government of Norway))	(3,463)	616,333	616,333	1,525	561,860	0	52,535
23	Technical Co-operation Trust Fund to Provide Experts to UNEP/GRID (Financed by the Government of Denmark)	96,137	0	0	7,087	29,763	0	73,461
24	Technical Co-operation Trust Fund to Assist Implementation of Montreal Protocol on Substances that Deplete the Ozone Layer in Developing Countries (Financed by the Government of Sweden)	0	169,500	169,500	4,979	77,511	0	96,968
25	INFOTERRA Technical Co-operation Trust Fund (Financed by the Government of U.S.A.)	0	66,950	66,950	809	0	0	67,759
26	Technical Assistance Trust Fund to Promote Technical Co-operation and Assistance in Industrial, Environmental and Raw Material Management (Financed by the Government of Sweden)	118,597	879,479	439,740	55,566	173,749	439,739	440,154
27	Technical Assistance Trust Fund for Integrated Pilot Project on Environmental Management and protection of Andean Ecosystems (Financed by the Government of Germany)	353,870	0	0	28,608	125,774	0	256,704

	TECHNICAL CO-OPERATION TRUST FUND CONTINUED	BALANCE AS AT 01 JANUARY 1990	PLEDGES DURING 1990	TOTAL CONTRIBUTIONS COLLECTED IN 1990	TOTAL INTEREST AND MISCELLANEOUS INCOME	1990 EXPENDITURE	OUTSTANDING CONTRIBUTIONS FOR 1990 AND PRIOR YEARS	BALANCE AVAILABLE AS AT 31 DECEMBER 1990
28	Technical Co-operation Trust Fund to Provide Experts to UNEP to Assist in the Development and Implementation of Policy Response Options Related to Climate Change (Financed by the Government of Netherlands)	8,768	0	0	1,247	10,000	0	15
29	Technical Co-operation Trust Fund for Provision of Junior Professional Officers (Financed by the Government of Austria)	0	148,180	148,180	1,328	22,818	0	126,690
30	Special Purpose Trust Fund for Provision of Junior Professional Officers (Financed by the Government of Denmark)	111,660	122,329	0	5,747	111,546	0	5,861
31	Technical Co-operation Trust Fund for Provision of Junior Professional Officers (Financed by the Government of Finland)	0	0	0	0	0	0	0
32	Special Purpose Trust Fund for Provision of Junior Professional Officers (Financed by the Government of Germany)	257,942	229,050	79,050	18,869	144,406	0	211,455
33	Technical Co-operation Trust Fund for Provision of Junior Professional Officers (Financed by the Government of The Netherlands)	133,466	230,536	181,198	11,298	146,389	0	179,573
34	Technical Co-operation Trust Fund for Provision of Junior Professional Officers (Financed by the Government of Italy)	0	0	149,990	560	0	0	150,550

	TECHNICAL CO-OPERATION TRUST FUND CONTINUED	BALANCE AS AT 01 JANUARY 1990	PLEDGES DURING 1990	TOTAL CONTRIBUTIONS COLLECTED IN 1990	TOTAL INTEREST AND MISCELLANEOUS INCOME	1990 EXPENDITURE	OUTSTANDING CONTRIBUTIONS FOR 1990 AND PRIOR YEARS	BALANCE AVAILABLE AS AT 31 DECEMBER 1990
35	Technical Assistance Trust Fund for Provision of Junior Professional Officers (Financed by the Government of Japan)	366,001	272,620	107,880	28,788	256,599	0	246,070
36	Technical Co-operation Trust Fund for Financing of Professional Officers (Financed by the Government of Korea)	0	94,638	94,638	3,161	89,404	0	8,395
37	Special Purpose Trust Fund for Provision of Junior Professional Officers (Financed by the Government of Norway)	82,225	109,563	109,563	12,089	81,128	0	122,749
38	Technical Co-operation Trust Fund for Provision of Junior Officers (Financed by the Government of France)	0	70,796	70,796	952	50,705	0	21,043
39	Technical Co-operation Trust Fund for Provision of Junior Professional Officers (Financed by the Government of Sweden)	140,827	162,088	162,088	13,587	159,646	0	156,856
40	Technical Co-operation Trust Fund to Assist Developing Countries to take Action for Protection of the Ozone Layer Under the Vienna Convention and Montreal Protocol (Financed by the Government of Finland)	2,188,085	2,176,039	0	173,354	764,197	0	1,597,242
	TOTAL TECHNICAL CO-OPERATION TRUST FUNDS	4,530,582	6,789,140	3,700,477	454,573	3,530,293	439,739	5,155,339

C) SPECIAL ACCOUNT OPERATED BY UNEP

SPECIAL ACCOUNT		BALANCE AS AT 01 JANUARY 1990	PLEDGES DURING 1990	TOTAL CONTRIBUTIONS COLLECTED IN 1990	TOTAL INTEREST AND MISCELLANEOUS INCOME	1990 EXPENDITURE	OUTSTANDING CONTRIBUTIONS FOR 1990 AND PRIOR YEARS	BALANCE AVAILABLE AS AT 31 DECEMBER 1990
41	Special Account to Finance the Implementation of the Plan of Action to Combat Desertification.	299,073	0	0	24,781	0	312,094	323,854
TOTAL TRUST FUNDS AND SPECIAL ACCOUNT		12,267,582	19,850,898	14,642,657	1,530,211	13,176,619	11,148,256	15,263,831

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Report of the Executive Director

Addendum

GLOBAL ENVIRONMENT FACILITY

Summary

The Global Environment Facility (GEF) is a pilot innovative financing instrument to help developing countries meet four specific challenges to the environment in a way that will bring global benefits. The GEF became operational at a meeting of the participating countries in May 1991, when the countries also confirmed that its implementing agencies are UNDP, UNEP and the World Bank. Within its defined role, UNEP has established a Scientific and Technical Advisory Panel (STAP), as requested by the participants, to advise the implementing agencies on generic scientific and technological issues. The Executive Director has expressed the willingness of UNEP to be a partner in the GEF process and has already deployed UNEP staff to undertake GEF activities. The World Bank, as Administrator of the GEF, will reimburse UNEP the costs of its participation in the GEF process.

Suggested action by the Governing Council

The Governing Council may wish to:

1. Welcome the establishment of the Global Environment Facility;

2. Endorse the actions taken by the Executive Director to support the establishment of the Facility and to collaborate with the World Bank and the United Nations Development Programme in its implementation;

3. Further welcome the actions taken by the Executive Director, in consultation with the President of the World Bank and the Administrator of the United Nations Development Programme, in establishing the Scientific and Technical Advisory Panel;

4. Note that UNEP is required to ensure that the global policy framework for the GEF is consistent with existing environmental conventions and related legal instruments and agreements;

5. Further note that UNEP is to play a key role in helping developing countries define their needs to deal with global environmental issues supported by the GEF and disseminate information on existing and emerging technological developments;

6. Approve the actions of the Executive Director in seeking to secure supplementary staffing funded by the Facility, together with funding for other related costs, in order to enable UNEP to fulfil its designated role under the Facility while implementing its programme under the Environment Fund;

7. Request the Executive Director to continue to co-operate fully with the World Bank and the United Nations Development Programme in the development and implementation of the Facility.

I. BACKGROUND

1. The Global Environment Facility (GEF) is a new pilot financing operation, established to assist developing countries to meet four specific challenges to the environment in a way that will bring global benefits. Countries participating in the GEF invited UNEP, together with UNDP and the World Bank, to become implementing agencies for the Facility. A meeting of the participants in November 1990 agreed on the general principles, which were drafted in a World Bank document called "Funding for the Global Environment. The Global Environment Facility".

2. The decision by Governments had been preceded by earlier consultations held under the auspices of the World Bank, at the initiative of the Government of France, supported by the Government of the Federal Republic of Germany, to mobilize additional funding for basic issues of environmental concern. It was in that spirit that the Executive Director of UNEP, the Administrator of UNDP and the President of the World Bank on 17 September 1990 called upon Governments to establish the Facility and expressed the willingness of their organizations to co-operate in its implementation.

3. The GEF became fully operational at the participants' meeting in Washington D.C. on 1 and 2 May 1991. The meeting agreed with the actions taken by the three implementing agencies and gave guidance on how operational activities should be focused.

4. From the outset, the participants outlined goals in four basic areas for GEF funding:

- Reducing emissions of greenhouse gases;
- Protecting the ozone layer from further depletion;
- Preserving the variety of biosystems and diversity of species of the earth; and
- Protecting international waters.

5. Detailed criteria to establish the eligibility of projects for GEF funding and guidance on programme priorities will be elaborated by a Scientific and Technical Advisory Panel (STAP) and ad hoc working groups established by STAP.

6. Under the mandate which had been given to UNEP, the Executive Director has established Scientific and Technical Advisory Panel in April 1991, after having solicited nominations from Governments and having consulted the Administrator of the United Nations Development Programme (UNDP) and the President of the World Bank. The STAP is chaired by Dr. Robert Watson of the United States, an expert on atmosphere, with Dr. Edward Ayensu of Ghana (biodiversity) as Vice-Chairman. The 12 members are Drs. Benjamin Dessus of France (renewable energy), Rudolf Dolzer of Germany (environmental law and conventions), Malin Falkenmark of Sweden (water resources), Graziela de la Garza of Mexico (biodiversity), Jose Godemberg of Brazil (energy), Edgardo Gomez of Philippines (oceans), Michio Hashimoto of Japan (pollution), Martin Holdgate of the United Kingdom (biodiversity), Ivar Isaksen of Norway (ozone depletion), Yingzhong Lu of China (energy efficiency), Yahia Abdel Majeed of Sudan (water and desertification control) and Amulya K.N. Reddy of India (appropriate technology). The STAP held its first session in Geneva from 22-24 April 1991 and reported, through its chairman, to the participants' meeting. The participants expect the STAP to provide scientific and technical guidance to the implementing agencies in the selection and structuring of innovative projects that will point toward new directions in tackling global issues at the national level.

II. ROLE OF UNEP

7. UNEP has been assigned specific responsibilities as one of the three implementing agencies. These have been defined as follows:

> UNEP will play a key role in the strategic planning to set the operations of the GEF in the global and national environmental context. As the co-ordinator of existing and emerging global environmental conventions, it will help ensure that the global policy framework for the GEF is consistent with existing conventions and related legal instruments and agreements, and that the experience generated by the Facility will be helpful in developing new treaties and agreements. It will disseminate information on existing and emerging technological developments. UNEP will play a key role in helping developing countries define their needs to deal with global environmental issues supported by the GEF. It will work closely with UNDP in providing the scientific and technological support needed in the areas of institution-building and training. It will help ensure that the GEF operates in areas judged ripe for action, drawing on the best available scientific and technological advice. In this capacity, it will co-ordinate research and data gathering and will organize the establishment of the Scientific and Technical Advisory Panel and serve as the GEF Liaison with the Panel.

8. UNEP will fulfill these obligations through the involvement of existing senior and Professional staff, but has requested that the Facility should finance additional staff in UNEP to provide necessary organizational support to the STAP and to strengthen the capacity of the Office of the Programme to review and screen project proposals for financing under the Facility. Reimbursement of related miscellaneous costs is also anticipated.

9. UNEP has participated fully in the work of the Interagency Implementation Committee, which has been established to screen all project proposals. In the Committee, UNEP has participated in processing a work programme for the first tranche of the GEF, with 15 investment projects being proposed for approval during 1991 with a combined cost of $214 million. Of these, 11 are biodiversity projects, each averaging an estimated $15 million; three are global warming reduction projects also averaging some $15 million each; and there is one project for reduction of pollution of international waters. Of eleven technical assistance projects under consideration, seven address biodiversity, three global warming, and one international waters. Two inter-regional projects totalling $9.8 million are related to global warming. It is important to note that so far UNEP has not been able to undertake an

in-depth review of these project proposals. The selection for the first tranche has taken place without the detailed criteria for eligibility and clear priorities which will be established by STAP only in July 1991. The projects of the first tranche will be further assessed against these criteria. It is expected that the final cost of the projects will be lower than the first estimates indicated here.

10. UNEP, the World Bank and UNDP informed the recent meeting of participants (1-2 May 1991) that they will ensure that, as the work on the GEF proceeds, there will be a balance in the financial support for the various issues of concern, as well as between regions. The participating countries and the three implementing agencies agree that the share of Africa in the over-all programme must increase. UNEP will ensure that the work programme reflects global priorities.

11. At the next meeting of the Implementation Committee, in July 1991, UNEP will present for the consideration of the Committee other project proposals for case studies on biodiversity, on greenhouse gas emissions and also on monitoring global biodiversity. UNEP will also make proposals on financing assistance to Governments and on information activities.

12. The GEF presents a unique opportunity to involve recipient countries including NGOs in advising and, perhaps, executing projects. The participants were convinced of the advisability of a window for small projects in the GEF which would primarily fund NGO activities in the field of biodiversity conservation. The implementing agencies are currently in the process of giving shape to the project for such a window.

13. The participants have also asked the three implementing agencies to convene a non-participants' meeting to facilitate a dialogue between, on the one hand, NGOs, interested intergovernmental organizations and non-participating Governments and, on the other hand, the implementing agencies and such participating Governments as may wish to attend.